

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE
INNIS, LOUISIANA**

**Annual Financial Report
Year Ended December 31, 2010**

**A Component Unit of the
Pointe Coupee Parish Police Jury**

FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE
Fire/EMS/Rescue Services
6456 La Hwy 1
PO Box 212
Batchelor, Louisiana 70715
(225) 492-3100

GOVERNING BOARD
(Effective January 1, 2010)

John Edmond, Chairperson
Bob Allen
Donald Kimball
Andy Losavio
Buddy Losavio

MEETING DATE

Third Thursday of Every Month

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Board of Commissioners
Fire Protection District No. 1 of the
Parish of Pointe Coupee
Batchelor, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire Protection District No. 1 of the Parish of Pointe Coupee, Louisiana, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of management of the Fire Protection District No 1 of the Parish of Pointe Coupee, Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with provisions of Louisiana Revised Statute 24:513 and the provisions of the *Louisiana Governmental Audit Guide*. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of December 31, 2010, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 23 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District as a whole. The schedule of taxable valuations on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them. The accompanying schedule of expenditures of federal awards on page 22 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organization*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC

Baton Rouge, LA
October 14, 2011

Required Supplementary Information

Management's Discussion and Analysis (MD&A) is a required component of financial statements prepared in accordance with generally accepted accounting principles (GAAP). The MD&A is an analysis of the financial condition and operating results of the District written by management. It introduces the basic financial statements and notes. The MD&A should provide an objective and easily readable analysis of the District's financial activities based on currently known facts, decisions, or conditions.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
PO Box 212
Batchelor, Louisiana 70715**

INTRODUCTION

This annual report consists of –

- Our independent auditors' report on the financial statements in which they rendered an unqualified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consist of government-wide financial statements, governmental fund financial statements, and the notes to those financial statements.
- The comparison of actual operations for the year compared to the budget.
- A schedule of taxable property valuations for the District since inception.
- Our independent auditor's report on the District's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of those tests and observations disclosed one instance of noncompliance that could affect our operations.

Management's Discussion and Analysis

As management of the Fire Protection District No. 1 of the Parish of Pointe Coupee, Louisiana, we are pleased to provide an overview of our financial activities for the year ended December 31, 2010. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

Financial Highlights

- The District's net assets increased by \$64,422 from \$1,095,210 in 2009 to \$1,159,632 in 2010.
- Cash decreased by \$177,013 for the year ended December 31, 2010.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements, presented on pages 10 and 11, are designed to provide readers with broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The District's government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The District's sole operation of fire protection is classified as governmental activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund which is categorized as a governmental fund.

Governmental Funds. Governmental funds, presented on pages 12 through 14, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Under normal circumstances the District adopts an annual appropriated budget. However, at the end of 2009 there were circumstances that arose between the fire chief and the board resulting in no budget being prepared for 2010. For 2010 the District operated on 50% of the 2009 annual appropriated budget.

Notes to the Financial Statements

The notes, presented on pages 15 through 21, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary control, on pages 23 and 24.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. At the end of the most recent year, the assets of the District exceeded its liabilities by \$1,159,632.

The District's total assets are mainly composed of \$137,082 (7%) in cash and \$1,530,091 (81%) investment in capital assets (land, buildings, vehicles and equipment, etc.). The District uses these capital assets to provide fire protection services to residents and businesses that encompass the area north of the Morganza Spillway Control Structure in the northern part of Point Coupee Parish; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets, \$310,978, may be used to meet the District's future operations.

Net Assets

	2010	2009	% Change
Current and other assets	\$ 341,986	\$ 452,662	-24%
Capital assets	1,530,091	962,236	59%
Total assets	<u>1,872,077</u>	<u>1,414,898</u>	32%
Current and other liabilities	31,008	129,088	-79%
Debt liabilities	681,437	190,600	258%
Total liabilities	<u>712,445</u>	<u>319,688</u>	122%
Net assets –			
Invested in capital assets	848,654	659,007	29%
Unrestricted	<u>310,978</u>	<u>436,203</u>	-28%
Total net assets	<u>\$ 1,159,632</u>	<u>\$ 1,095,210</u>	6%

The District's total revenues decreased by 16% from \$418,155 to \$350,507 in 2010 primarily as a result of a onetime federal grant received last year and an increase in property tax revenue. Total expenses increased by 38% from \$206,348 in 2009 to \$286,085 in 2010 attributed to increases in repairs and maintenance of buildings and equipment.

Changes in Net Assets

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Revenues:			
Taxes	\$ 334,271	\$ 291,676	15%
Intergovernmental revenues	14,121	118,413	-88%
Other revenues	<u>2,115</u>	<u>8,066</u>	-74%
Total revenues	<u>350,507</u>	<u>418,155</u>	-16%
Expenses:			
Operating	190,690	133,119	40%
Depreciation	<u>95,395</u>	<u>73,226</u>	30%
Total expenses	<u>286,085</u>	<u>206,345</u>	37%
 Change in net assets	 <u>\$ 64,422</u>	 <u>\$ 211,810</u>	 -68%

Governmental Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As a measure of the District's liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 134% of total fund operating expenditures.

The fund balance of the District decreased by \$12,596 during the current year.

Budgetary Highlights

The District's annual budget is the legally adopted expenditure control document of the District. A budgetary comparison statement is required and can be found on pages 23 and 24. This statement compares the original adopted budget, the budget if amended throughout the year, and the actual expenditures prepared on a budgetary basis. As discussed earlier the District did not prepare a budget for 2010 and therefore operated on 50% of the 2009 budget.

Actual revenues of \$350,507 exceeded budgeted revenues of \$188,925 by \$161,582 while actual expenditures of \$894,103 exceeded budgetary expenditures of \$194,500 by \$699,603.

Capital Assets

At December 31, 2010 and 2009, the District had \$1,530,091 and \$962,235, respectively, invested in a broad range of capital assets, including buildings, vehicles, and equipment. Further detail on capital assets is presented in Note 4 on page 19.

Long-Term Debt

At the end of the year, the District had one capital lease obligation and two construction loans of \$681,437. Further information on long-term debt is presented in Notes 5 and 6 on page 19 and 20.

Economic Factors and Next Year's Budget

The District serves a population estimated at approximately 2,500. Although the District does not have paid firefighters, through the efforts of approximately 17 volunteers, the District has attained an IRC In Rating of 6 and a IRC Out Rating of 6, which means that insurance rates for the taxpayers in the District were lowered due mainly to acquisitions and improvements to equipment and the efforts of the volunteer firemen.

The District has completed the construction of a new central fire station in Innis with a \$560,000 loan and \$60,000 grant from the U.S. Department of Agriculture. This new facility should improve the administration of operations and possibly attract more volunteers which may increase the fire insurance rating at a level that will return fire protection and economic benefit to the taxpayers of the District.

The recap below of assessed property valued by year since 1987 indicates that the District has shown some economic progress since 2008.

Year	Mills Levied	Assessed Value	Homestead Exemption	Tax to be Paid by Owner	Tax to be Paid by State	Total Tax
1987	3.00	8,037,360	2,295,893	17,225	6,888	24,113
1988	3.07	7,790,843	2,138,516	17,353	6,566	23,920
1989	3.07	7,967,819	2,152,674	17,853	6,610	24,463
1990	3.07	7,723,989	2,147,227	17,121	6,593	23,714
1991	6.07	7,845,308	2,156,817	34,530	13,093	47,623
1992	5.97	8,364,080	2,102,887	37,380	12,556	49,936
1993	5.75	9,604,454	2,110,334	43,094	12,136	55,230
1994	5.75	9,963,727	2,128,528	45,055	12,241	57,296
1995	5.75	10,488,882	2,163,112	47,876	12,440	60,316
1996	4.96	12,598,078	2,308,790	51,035	11,451	62,486
1997	5.47	12,472,381	2,311,072	55,583	12,643	68,226
1998	5.47	12,941,695	2,359,376	57,886	12,907	70,793
1999	5.47	12,922,757	2,396,162	57,581	13,108	70,690
2000	5.60	12,794,574	2,469,156	57,822	13,827	71,649
2001	5.54	13,707,458	2,479,831	62,201	13,738	75,939
2002	5.54	12,275,127	2,629,291	68,005	14,567	82,571
2003	5.54	11,551,127	2,648,426	63,994	14,673	78,666
2004	5.54	17,479,615	2,724,770	96,837	15,095	111,933
2005	6.53	14,687,740	2,770,480	95,912	18,091	114,003
2006	6.53	16,292,585	2,771,040	106,391	18,095	124,487
2007	6.53	15,719,728	2,846,410	102,651	18,587	121,238
2008	6.46	19,145,611	3,000,940	123,681	19,386	143,067
2009	6.46	20,425,840	3,050,580	131,951	19,707	151,658
2010	6.46	29,034,860	3,055,230	187,565	19,737	207,302

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Donald Kimball, Chairman for the Fire Protection District No. 1 of the Parish of Pointe Coupee, Louisiana at (225) 492-3100.

BASIC FINANCIAL STATEMENTS

The government-wide financial statements, presented on pages 10 "Statement of Net Assets" and 11 "Statement of Activities", are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The Statement of Net Assets includes capital assets and long-term debt and the Statement of Activities includes depreciation as an expense of operations.

The governmental funds, presented on pages 12 "Balance Sheet" and 13 and 14 "Statement of Revenues, Expenditures, and Changes in Fund Balance", are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the Balance Sheet does not report capital assets or long-term debt and the Statement of Revenues, Expenditures, and Changes in Fund Balance includes capital acquisitions, annual debt service, and excludes depreciation.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF NET ASSETS
December 31, 2010**

	Governmental Activities
ASSETS	
Cash	\$ 136,882
Receivables	
Ad valorem taxes	179,302
Sales taxes	25,602
Total current assets	<u>341,786</u>
Capital assets, net of accumulated depreciation:	
Land	30,000
Buildings	992,355
Vehicles	362,022
Firefighting equipment and tools	140,804
Furniture, fixtures, and equipment	4,910
Total capital assets (net)	<u>1,530,091</u>
Restricted cash	200
Total Assets	<u><u>1,872,077</u></u>
LIABILITIES	
Accounts payable	18,400
Accrued interest payable	4,624
Amount due retirement system	7,984
Notes payable - USDA	6,842
Capital lease obligations	20,536
Total current liabilities	<u>58,386</u>
Due in more than one year	
Notes payable - USDA	532,423
Capital lease obligations	121,636
Total due in more than one year	<u>654,059</u>
Total Liabilities	<u><u>712,445</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	848,654
Unrestricted	310,978
Total Net Assets	<u><u>\$ 1,159,632</u></u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2010**

	Program Revenues				Net Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Public safety	\$ 286,085	\$ -	\$ -	\$ -	\$ (286,085)
Total Governmental Activities	<u>\$ 286,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (286,085)</u>

General Revenues:

Taxes:

 Property tax, levied for fire protection 187,495

 Sales 146,776

General intergovernmental revenues 14,121

Miscellaneous revenues 2,115

 Total General Revenues 350,507

Change in Net Assets 64,422

Net Assets at Beginning of Year 1,095,210

Net Assets at End of Year \$ 1,159,632

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010**

	General Fund
ASSETS	
Cash	\$ 136,882
Receivables -	
Ad valorem	179,302
Sales tax	25,602
Restricted cash	200
Total Assets	341,986
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	18,400
Accrued interest payable	4,624
Amount due retirement system	7,984
Total Liabilities	31,008
Fund Balances:	
Unrestricted	310,978
Total Fund Balances	310,978
Total Liabilities and Fund Balances	\$ 341,986

Reconciliation of the Statement of Net Assets of Governmental Funds to the Balance Sheet:

Amounts reported for governmental activities in the statement of net assets
are different because:

Total fund balance per balance sheet	\$ 310,978
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,530,091
Long-term liabilities, including bonds payable and capital lease obligations are not due and payable in the current period and therefore are not reported in the funds.	(681,437)
Net assets of governmental activities	\$ 1,159,632

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010**

	General Fund
Revenues	
Taxes -	
Ad valorem	\$ 187,495
Sales	146,776
Intergovernmental revenues -	
State fire insurance rebate	9,430
State revenue sharing	4,691
Miscellaneous revenues -	
Other revenues	2,115
Total Revenues	<u>350,507</u>
Expenditures	
Current operations -	
Accounting	7,454
Board fees	4,190
Building and grounds maintenance	6,970
Equipment maintenance	32,168
Insurance	30,434
Miscellaneous	6,123
Professional fees	5,800
Supplies and protective gear	4,425
Tax collector fees	7,984
Telephone	2,252
Training and fire prevention	6,152
Utilities	5,820
Vehicle maintenance	39,293
Volunteer fire department expense	9,430
Capital outlays	
Buildings	649,171
Equipment	14,080
Debt service -	
Principal retirement	40,162
Interest expense	22,195
Total Expenditures	<u>894,103</u>
Expenditures in Excess of Revenues	(543,596)
Other Sources -	
Proceeds from construction loans	<u>531,000</u>
Expenditures in Excess Revenues & Other Sources	(12,596)
Fund Balance, Beginning of Year	<u>323,574</u>
Fund Balance, End of Year	<u><u>\$ 310,978</u></u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:**

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balance - total governmental funds	\$	(12,596)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$663,251) exceeded depreciation (\$95,395) in the current period.

567,856

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(490,838)

Change in net assets of governmental activities

	\$	<u>64,422</u>
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The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

NOTE 1 - INTRODUCTION

On July 14, 1981, the Fire Protection District No. 1 of the Parish of Pointe Coupee, Louisiana was created by a resolution of the Pointe Coupee Parish Police Jury under authority of Louisiana Revised Statute 40:1491. The District operates under a commission form of government and provides fire protection services to all the territory situated within historical Wards 1, 2, and 3 of Pointe Coupee Parish. In accordance with LRS 40:1494, the District is managed by a board of five commissioners appointed by the Pointe Coupee Parish Police Jury. The Chairman is elected by these commissioners. These five commissioners accept no compensation although per diem is allowed. The District has no employees. Labor is furnished through an intergovernmental service agreement with the local volunteer firefighters.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The District is body politic and a corporate and political subdivision of the Pointe Coupee Parish Police Jury.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Pointe Coupee Parish Police Jury or the general government services provided by that governmental unit.

No component units were identified for inclusion in the District's financial statements.

Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting on the district as a whole) and fund financial statements (reporting the district's major funds). Both of these statements are designed to categorize primary activities as either governmental or business type activities. All activities for the District are classified as governmental.

The government-wide financial statements include the statement of net assets and the statement of activities. These statements are presented on the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The government wide statement of activities shows the amount by which the direct expenses of a functional category (Public Safety) are offset by program revenues.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds of the District include:

General Fund – The general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Tax revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the liability has matured and payment is due.

Cash

Cash includes monies held in checking and savings accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks with principal offices in Louisiana.

Cash deposits are reported at carrying amount which reasonably estimates fair value.

Capital Assets and Depreciation

The District's property and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District generally capitalizes assets with cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Uniforms and protective gear which are susceptible to excessive wear and tear and fire code regulations are expensed when incurred.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (continued)

Capital assets are depreciated using the straight-line method over the estimated useful lives, in years, for depreciable assets as follows:

Buildings	10-40 Years
Vehicles	5-20 Years
Firefighting equipment and tools	5 Years
Furniture, fixtures, and office equipment	3 Years

Fund Equity Classifications

Equity is classified as net assets and displayed in three components:

1. Investment in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Property Taxes

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general property taxes levied by the Parish. By agreement, the Sheriff receives a commission of approximately 4.28%.

Property taxes are levied and notices are mailed out in mid November of the year. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State Law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If taxes are not paid by the due date of December 31, the taxes bear interest at one and one-fourth percent (1.25%) per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are usually collected by the Sheriff in November and December of the year they are levied and remitted to the District in December of the year they are levied and the January following the year they are levied. Any amounts not collected at December 31 are shown as accounts receivable.

For the year ended December 31, 2010, taxes of \$207,302 were levied on property with assessed valuations totaling \$32,090,090 at the rate of 6.46 mills. Taxes are levied for the purpose of purchasing, maintenance, and operation of the District's fire protection facilities, vehicles, and equipment.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sales Taxes

On April 2, 2005, the voters of Pointe Coupee Parish approved the levy and collection of a 1/4 percent sales and use tax dedicated to the purpose of providing for fire protection throughout the Parish of Pointe Coupee, Louisiana, by assisting the five existing fire protection districts within said Parish to pay operating, maintenance and capital improvements costs within the respective corporate limits of each of said Districts to be shared equally. Sales tax revenues are collected by the Pointe Coupee Parish Police Jury and are generally remitted to the District on a monthly basis. Sales tax revenue is recognized as revenues for the month reported and collected by the Pointe Coupee Parish Police Jury.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

The policy and practice of the District is for the Fire Chief to submit an annual budget for the General Fund to the Board for approval and adoption. However, due to disagreements between the Fire Chief and the board no budget was prepared and approved for 2010. The District is required to operate the 2010 fiscal year based on 50% of the 2009 budget. The District's revenue and expenditures had variances in excess of 50% of the 2009 budget by more than 5%.

The General Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by function. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. No revisions to the budget were made during the year. The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year end.

Long-Term Obligations

Expenditures for principal and interest payments are recognized in the governmental funds when due.

NOTE 3 – CASH

At December 31, 2010, the status of deposited funds and collateralized balances are as follows:

Noninterest-bearing demand deposits-unrestricted	\$ 143,594
Secured by unlimited federal deposit insurance	<u>143,594</u>
Unsecured/uncollateralized	<u>\$ -</u>

Cash is stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The fiscal agent bank for the District participates in the FDIC's Transactions Account Guarantee program. This program provides depositors with unlimited coverage for noninterest-bearing transaction accounts at participating FDIC-insured institutions.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4 - CAPITAL ASSETS

A summary of changes in general fixed assets for governmental activities

	1-1-2010	Increases	Decreases	12-31-2010
Capital Assets				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Buildings	107,621	906,552	-	1,014,173
Vehicles	772,336	-	-	772,336
Fire fighting equipment and tools	84,621	-	-	84,621
Radios and communications	142,553	8,870	-	151,423
Rescue equipment	4,048	-	-	4,048
Furniture, fixtures, and equipment	2,360	5,210	-	7,570
Total capital assets	1,143,539	920,632	-	2,064,171
Less: Accumulated depreciation				
Buildings	(12,851)	(8,968)	-	(21,819)
Vehicles	(367,981)	(42,333)	-	(410,314)
Fire fighting equipment and tools	(36,823)	(15,641)	-	(52,464)
Radios and communications	(14,620)	(28,154)	-	(42,775)
Rescue equipment	(4,049)	-	-	(4,049)
Furniture, fixtures, and equipment	(2,360)	(299)	-	(2,659)
Total accumulated depreciation	(438,684)	(95,395)	-	(534,080)
Total net capital assets for governmental activities	\$ 704,855	\$ 825,237	\$ -	\$ 1,530,091

NOTE 5 - CONSTRUCTION LOANS

The District has two outstanding loans with the U.S. Department of Agriculture for the construction of a new fire station. The annual interest rate on both notes is 4.25% with annual installments of \$24,112 and \$5,243. Debt service required for the upcoming fiscal year amounts to \$5,251 and \$1,591 in principal and \$18,861 and \$3,652 in interest. Both notes mature October 2049.

The amounts due on debt for the next five years and in five year increments thereafter on the two notes are as follows:

Years	Principal	Interest	Total
2011	6,842	22,513	29,355
2012	6,671	22,684	29,355
2013	7,017	22,338	29,355
2014	7,315	22,040	29,355
2015	7,626	21,729	29,355
2016-2020	43,152	103,625	146,777
2021-2025	53,206	93,571	146,777
2026-2030	65,519	81,258	146,777
2031-2035	80,682	66,095	146,777
2036-2040	99,332	47,445	146,777
2041-2045	122,362	24,415	146,777
2046-2049	39,541	718	40,259
Totals	\$ 539,265	\$ 528,431	\$ 1,067,696

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

NOTE 6 - CAPITAL LEASE

On July 12, 2006, the District entered into a Governmental Lease Purchase Agreement with Government Capital Corporation to acquire a commercial pumper. Total cost of the commercial pumper was \$226,545. The District signed a lease agreement at a rate of 4.88%. The lease is to be paid in 10 annual installments of \$28,644 with final payment due on May 1, 2016.

The future annual lease payments are as follows:

Years	Principal	Interest	Total
2011	20,536	8,108	28,644
2012	21,707	6,937	28,644
2013	22,945	5,699	28,644
2014	24,253	4,391	28,644
2015	25,637	3,007	28,644
2016	27,094	1,550	28,644
Totals	\$ 142,172	\$ 29,692	\$ 171,864

NOTE 7 - CHANGES IN GENERAL LONG TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	<u>12/31/2009</u>	<u>Addition</u>	<u>Principal Paid</u>	<u>12/31/2010</u>
USDA note payable	\$ 29,000	\$ 531,000	\$ (20,735)	\$ 539,265
Capital lease payable	161,600	-	(19,428)	142,172
Total	<u>\$ 190,600</u>	<u>\$ 531,000</u>	<u>\$ (40,163)</u>	<u>\$ 681,437</u>

NOTE 8 - RISK RETENTION

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The District carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2010 from coverage in the prior year. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

NOTE 9 - LITIGATION AND CLAIMS

There were no judgments, claims or similar contingencies pending against the District at December 31, 2010.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

NOTE 10 - COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to board members is as follows:

John Edmond	\$	570
Bob Allen		480
Donald Kimball		570
Andy Losavio		480
Buddy Losavio		480
	\$	<u>2,580</u>

NOTE 11 - SUBSEQUENT EVENTS

The District has evaluated all subsequent events through October 14, 2011, the date the financial statements were available for release.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA**
Schedule of Expenditures of Federal Awards
December 31, 2010

Grantor/ Program name/ Location of Project	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture direct programs:		
Rural Housing Service		
Community Facilities Loans and Grants	10.766	\$ 531,000
Total U.S. Department of Agriculture		<u>531,000</u>
Total expenditures of federal awards		<u>\$ 531,000</u>

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA**
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2010

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Fire Protection District No. 1 of the Parish of Pointe Coupee (the District) under programs of the federal government for the year ended December 31, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

REQUIRED SUPPLEMENTARY INFORMATION

The following Budgetary Comparison Schedule – General Fund is required by GASB 34. The schedule presents the original adopted budget and final budget for the fiscal year and compares the final budget to actual operations of the District.

State Law requires the District to amend its budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended December 31, 2010, actual revenues were 185% and actual expenditures were 459% of the appropriated budget which is 50% of the 2009 budget.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes -				
Ad valorem	\$ 47,650	\$ 47,650	\$ 187,495	\$ 139,845
Sales	82,500	82,500	146,776	64,276
Intergovernmental revenues -				
Federal grant	51,775	51,775	-	(51,775)
State fire insurance rebate	4,500	4,500	9,430	4,930
State revenue sharing	1,500	1,500	4,691	3,191
Miscellaneous revenues -				
Interest earned	1,000	1,000	-	(1,000)
Other	-	-	2,115	2,115
Total Revenues	188,925	188,925	350,507	161,582

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current operations -				
Accounting	2,500	2,500	7,454	(4,954)
Board fees	-	-	4,190	(4,190)
Building and grounds maintenance	5,500	5,500	6,970	(1,470)
Equipment maintenance	2,000	2,000	32,168	(30,168)
Insurance	18,500	18,500	30,434	(11,934)
Miscellaneous	6,100	6,100	6,123	(23)
Professional fees	2,750	2,750	5,800	(3,050)
Supplies and protective gear	7,250	7,250	4,425	2,825
Tax collector fees	2,650	2,650	7,984	(5,334)
Telephone	1,500	1,500	2,252	(752)
Training and fire prevention	8,750	8,750	6,152	2,598
Utilities	1,500	1,500	5,820	(4,320)
Vehicle maintenance	8,000	8,000	39,293	(31,293)
Volunteer fire department expense	-	-	9,430	(9,430)
Capital outlays -	98,000	98,000	663,251	(565,251)
Debt service	29,500	29,500	62,357	(32,857)
Total Expenditures	194,500	194,500	894,103	(699,603)
Excess of Revenues (Expenditures)	(5,575)	(5,575)	(543,596)	(538,021)
Other Sources -				
Proceeds from construction loans	-	-	531,000	531,000
Excess Revenues & Other Sources (Expenditures)	(5,575)	(5,575)	(12,596)	7,021
Fund Balances, Beginning of year	409,181	409,181	323,574	85,607
FUND BALANCES, END OF YEAR	\$ 403,606	\$ 403,606	\$ 310,978	\$ 92,628

OTHER SUPPLEMENTARY INFORMATION

The following pages contain a schedule of taxable property values.

The following pages also contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, NEW ROADS, LOUISIANA
TAXABLE PROPERTY VALUATIONS
SINCE INCEPTION
(UNAUDITED)**

<u>Year</u>	<u>Mills Levied</u>	<u>Assessed Value</u>	<u>Homestead Exemption</u>	<u>Tax to be Paid by Owner</u>	<u>Tax to be Paid by State</u>	<u>Total Tax</u>
1987	3.00	8,037,360	2,295,893	17,225	6,888	24,113
1988	3.07	7,790,843	2,138,516	17,353	6,566	23,920
1989	3.07	7,967,819	2,152,674	17,853	6,610	24,463
1990	3.07	7,723,989	2,147,227	17,121	6,593	23,714
1991	6.07	7,845,308	2,156,817	34,530	13,093	47,623
1992	5.97	8,364,080	2,102,887	37,380	12,556	49,936
1993	5.75	9,604,454	2,110,334	43,094	12,136	55,230
1994	5.75	9,963,727	2,128,528	45,055	12,241	57,296
1995	5.75	10,488,882	2,163,112	47,876	12,440	60,316
1996	4.96	12,598,078	2,308,790	51,035	11,451	62,486
1997	5.47	12,472,381	2,311,072	55,583	12,643	68,226
1998	5.47	12,941,695	2,359,376	57,886	12,907	70,793
1999	5.47	12,922,757	2,396,162	57,581	13,108	70,690
2000	5.60	12,794,574	2,469,156	57,822	13,827	71,649
2001	5.54	13,707,458	2,479,831	62,201	13,738	75,939
2002	5.54	12,275,127	2,629,291	68,005	14,567	82,571
2003	5.54	11,551,127	2,648,426	63,994	14,673	78,666
2004	5.54	17,479,615	2,724,770	96,837	15,095	111,933
2005	6.53	14,687,740	2,770,480	95,912	18,091	114,003
2006	6.53	16,292,585	2,771,040	106,391	18,095	124,487
2007	6.53	15,719,728	2,846,410	102,651	18,587	121,238
2008	6.46	19,145,611	3,000,940	123,681	19,386	143,067
2009	6.46	20,425,840	3,050,580	131,951	19,707	151,658
2010	6.46	29,034,860	3,055,230	187,565	19,737	207,302

DAIGREPOINT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Fire Protection District No. 1 of the
Parish of Pointe Coupee
Batchelor, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Fire Protection District No. 1 of the Parish of Pointe Coupee (the "District") as of and for the year ended December 31, 2010, and have issued our report thereon dated October 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency (2010-1) described in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency (2010-2) described in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the provisions of the Louisiana Governmental Audit Guide is reported as item 2010-1.

This report is intended for the information of management, the Legislative Auditor for the State of Louisiana, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC

Baton Rouge, LA
October 14, 2011

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Fire Protection District No. 1 of the
Parish of Pointe Coupee
Batchelor, Louisiana

Compliance

We have audited the Fire Protection District No. 1 of the Parish of Pointe Coupee's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an

opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and responses to be a material weakness, as defined above, and is reported as finding 2010-1.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies, as defined above.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Baton Rouge Primary Care Collaborative, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC

Baton Rouge, LA
October 14, 2011

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA**
Schedule of Findings and Responses
December 31, 2010

Section A - Summary of Auditor's Reports

We have audited the financial statements of the Fire Protection District No. 1 of the Parish of Pointe Coupee as of December 31, 2010, and for the year then ended, and have issued our report thereon dated October 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133. Our audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Significant Deficiencies ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

b. Federal Awards

Internal Control

Material Weaknesses ☒ Yes ☐ No Significant Deficiencies ☐ Yes ☒ No

Type of Opinion On Compliance For Major Program ☒ Unqualified ☐ Qualified ☐ Disclaimer ☐ Adverse

Are there findings required to be reported in accordance with Circular A-133, Section 510(a) ☐ Yes ☒ No

Was a management letter issued? ☐ Yes ☒ No

c. Identification of Major Programs:

CFDA Number(s)

10.854

Name of Federal Program (or Cluster)

Rural Economic Development Loan and Grants

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No

2010-1 Noncompliance with the Local Government Budget Act

Finding: The District did not prepare a 2010 budget in compliance with the Local Government Budget Act and the District's revenues and expenditures had variances in excess of 50% of the 2009 budget by more than 5%. Preparation of a budget and amending the budget for variances in excess of 5% is required to be in compliance with Government Auditing Standards and R.S. 39:1301-1315.

Response:

The Board has instituted the necessary controls to ensure that the District is operating in compliance with the Local Government Budget Act and adopted a 2011 budget.

2010-2 Physical Inventory of Equipment

Finding: During 2008 a physical inventory of all property, vehicles, and part of equipment was completed. It is estimated that half of the District's equipment was not inventoried representing approximately 5% of total assets. We recommend that a physical inventory of all equipment owned by the district be taken.

Response:

As of March 31, 2011, the Board has taken inventories of all equipment. The Board is attempting to resolve equipment that cannot be located and will take the necessary legal steps to locate the equipment.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA**
Resolution of Prior Year Audit Findings
December 31, 2009

2009 -1 Grant Accounting

Finding: During 2009 the District was the recipient of \$103,075 in federal grant money. The funds were deposited into the bank account of the Innis Volunteer Fire Department. Based on review of the invoices supporting the use of the grant funds, funds were appropriately expended but financial reporting of the funds was not incorporated into the District's records until during the audit.

Response:

The Board has instituted controls requiring all applications for federal or state assistance to be approved by the Board and monies to be deposited into the District's checking account. This will ensure proper accounting of the funds.

Status:

The District did not receive any federal grant money in 2010.

2009 -2 Physical Inventory of Equipment

Finding: During 2008 a physical inventory of all property, vehicles, and part of equipment was completed. It is estimated that half of the District's equipment was not inventoried representing approximately 5% of total assets. We recommend that a physical inventory of all equipment owned by the district be taken.

Response:

As of March 31, 2011, the Board has taken inventories of all equipment. The Board is attempting to resolve equipment that cannot be located and will take the necessary legal steps to locate the equipment.

Status:

The process of resolving the missing equipment is still ongoing.

2009-3 Late Financial Reporting to Louisiana Legislative Auditor

Finding: Audited financial statements were not submitted to the Louisiana Legislative Auditor's office by six months after year end.

Response: The District changed audit firms after the reporting deadline. The audit for the year ended December 31, 2010 will begin much earlier and audit will be submitted by June 30, 2011.

Status:

The District changed audit firms but did not submit the financial statements to the Louisiana Legislative Auditor by the reporting deadline. The District asked for and was granted a 3 month extension. The District filed its financial statements by the extended deadline.